National Security Personnel System (NSPS)

ITM COI Leadership Summit

31 March 200[illegible]

Background

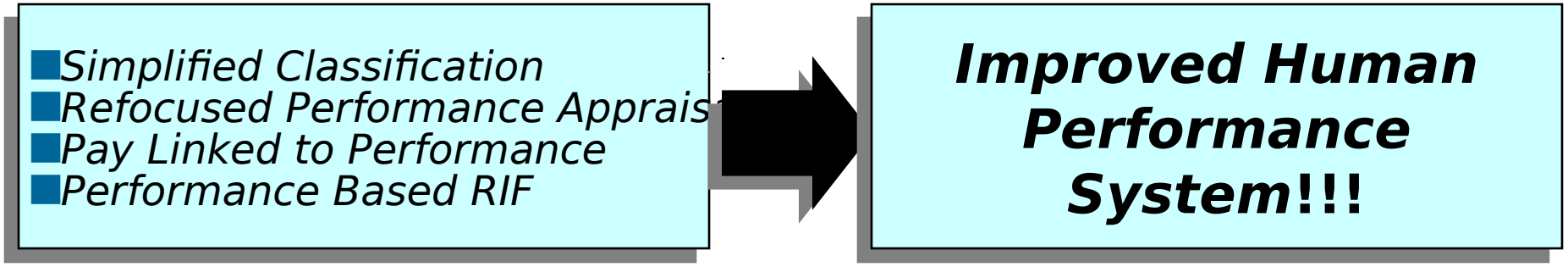
- National Security Personnel System (NSPS) establishes general framework
- Specific details of the new systems still under development
  - DoD working groups developing implementation procedures based on established Component Demonstration Projects, non-DoD Demonstration Projects and other benchmarking results
  - OPM also providing input
  - Union collaboration required (30/30/30)
- 150,000 DON employees eligible for initial coverage (GS and FWS), scheduled for Fiscal Year 05
  - Excludes current DON Demonstration projects
    - *NAVSEA Warfare Centers*
    - *Naval Research Laboratory*
    - *Office of Naval Research*
  - DON Workforce currently being analyzed to identify other groups not covered, e.g, Mariners/Faculty, Excepted Service, Intelligence.

NSPS Purpose and Objectives

NSPS is designed to:

- ***Improve the human resources management system by***
  - ***facilitating greater line management involvement in the performance of employees in their organization***
  - ***more streamlined HR processes***

- ***Provide employees a better understanding of the alignment of their positions to the Department's strategic plan.***



What's In It For Employees!

- NSPS benefits Employees by…
  - Providing a common set of contribution measures
  - Enhancing fairness of evaluations via an oversight process
  - Providing an understandable basis for salary changes
  - Facilitating natural employee progression
  - More clearly aligning individual job to mission accomplishment

NSPS…A Management Tool

- NSPS will enable managers to obtain and retain high performing workers via
  - Setting pay that is more competitive with market ranges
  - Compensating employees based on performance
  - Affording flexibility in assigning work to the workforce
- NSPS' effectiveness is dependent upon managers…
  - Clearly Communicating to their subordinates
    - How their work supports and is aligned to mission accomplishment
    - Management's expectations about performance
    - Information on how subordinates are performing and are contributing to mission accomplishment
  - Being fiscally responsible by deciding how best to use pay bands to attract and retain the best and brightest, but within the limits of available money…current and future

NSPS Overall Update

VERA/VSIP	**Effective 12/30/03**
Hiring of experts and consultants	**Effective 2/17/04**
Retired Annuitants	**In Draft**
SES Pay/Performance	**In Draft**
Employee Appeal Process	**Working Group Meeting**
Labor Relations System	**Collaboration process projected to begin, mid-spring**
HR Best Practices	**Collaboration process projected begin mid-spring**

NSPS Provisions

- Merit-based System
  - Based on existing statutory Merit System principles
  - Protects veterans
  - Employee representatives and OPM involved in development and deployment
- Hiring
  - Initial career appointment requires 3-year probationary period
  - On-the-spot hiring – criteria not yet finalized
- Reassignments and Promotions
  - Employees may be reassigned within a level without competition
  - Alternative forms of competition now possible, e.g. promotion boards, ranking based on performance appraisal
- Reduction-in-Force: Retention primarily based on performance

NSPS Provisions
Pay Banding

- NSPS establishes three Career Groups (CG) (PROPOSED)
  - Career Group 1: Professional and Administrative Management
  - Career Group 2: Engineering, Scientific, and Medical Support
  - Career Group 3: Business and Administrative Support
- Pay Bands replace 15 Grade Levels and 10 Steps
- Blue Collar: Still being discussed

Career Group	Pay Band Level															
Professional and Administrative Management					I								II		III	IV
Engineering, Scientific, and Medical Support	I					II			III							
Business and Administrative Support	I					II			III							
GS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

NSPS Provisions
Pay for Performance: Measures

- Pay for Performance: Promotes a clear accountability of contribution by each employee and links individual performance to mission accomplishment and organization's strategic plan

- Performance Objectives: Job assignments/responsibilities

- Performance Factors (used to evaluate objectives)
  - Technical Competence/Problem Solving
  - Cooperation/Teamwork
  - Communication
  - Customer Care
  - Resource Management
  - Leadership/Supervision
  - Contribution to Mission Accomplishment

- Benchmark performance standards will be provided by DoD; standards can be supplemented

NSPS Provisions
Pay for Performance: Payout

- To maximum extent possible, maintains funding levels for pay pools for FY04-08 as would otherwise have been allocated had NSPS not been established

- Funds for pay pool will include:
  - Promotions expected had employees remained in GS pay schedule
  - Within-grade increases
  - Quality Step Increases
  - General (January) pay increase minus locality

- Payouts determined by supervisory appraisal of performance
  - Eliminates January pay raise and within-grade increases
  - Does not eliminate locality pay increase

- Increase can be to basic pay, a one-time cash payment, or both

NSPS Implementation Challenges

- Changing culture from Entitlement to Performance
  - Annual pay increase not guaranteed
  - Performance Evaluations need to be specific and defensible
    - Communicating and documenting performance goals
    - Providing professional feedback to employees on performance
- Budgeting/Managing Costs
  - WGI Buyout
  - Controlling pay increases within the bands
  - Ensuring performance is tied to business results
- Technology
  - Systems for documenting and tracking performance goals

Ongoing Activities

- Training Plan
  - Communication Skills: Classroom/E-Learning
  - Leadership Training
  - Employee/Manager Training –Command Rollout
- Communication Plan
  - CHINFO/VCNO
  - Champions
  - DASN Updates
  - WEB Page
  - SECNAV Letter
- Demo Conversion to NSPS Working Group
- Performance Model Development
- FM Toolkit
- Information Technology Requirements Development
- Component NSPS PM Group
- Interface with Community Managers: Competencies/Factors

Getting Ready

- Educate the workforce, military and civilian
- Hone Communication Skills: Giving and Receiving Feedback
- Begin to think about performance measures/outcomes
  - Balance Scorecard
  - GPRA
- Ensure Strategic Plan is current and has been communicated to all employees
- Get smart on budget implications
- Check the web site for updates www.donhr.navy.mil/nsps

What NSPS Does Not Change

- Merit System Principles, including veterans' preference
- Rules against prohibited personnel practices (political favoritism, nepotism)
- Anti-discrimination laws
- Leave and attendance; travel and subsistence
- Pay for political executives, firefighters
- Training
- Health insurance and retirement benefits
- Safety and drug abuse programs

Authorization Act Provisions

- VERA/VSIP
  - Issued 12/30/03
  - Permanent Downsizing and Restructuring Authority
  - VSIP limited to 7135 in DON; VERA unlimited
  - Authority delegated to Echelon I and II Commands up to GS-15 level
  - SES and Equivalent approved by DoD
  - Quarterly reports required on Claimant use

- Experts and Consultants
  - Policy issued 2/17/04
  - Provisions
    - Appointment NTE 5 years with one year extension
    - Salary level limited to Level III, SES, plus locality pay
    - Number limited to 2500; allocated by DoD
    - Position must meet a non-permanent critical need in support of national security

Authorization Act Provisions (Cont'd)

- Reemployed Annuitants
  - Policy not yet issued
  - Draft Provisions
    - Salary of the annuitant is not offset by the amount of the annuity
    - Positions may be filled on time-limited or indefinite basis
    - Annuitant serves at the will of the appointing authority
    - Reasons for hire include:
      - ✓ Hard to Fill Positions
      - ✓ Unique or specialized skills
      - ✓ Mentoring/continuity (limited to 2087 hours)
    - Prior approval from next level supervisor required if appointed to position from which retired

Authorization Act Provisions (Cont'd)

- Employee Appeals Process: Still being worked

- Labor Relations System
  - Draft to National Unions, 6 February 2004
  - Meeting 2/26-27 to review/discuss proposal
  - Proposal can be found on WEB site. Provisions Include:
    - Establishment of a Defense Labor Relations Board
    - Fee for Service
    - Changes to Bargaining Unit Decisions
    - Changes to scope of bargaining
    - National Level Recognition

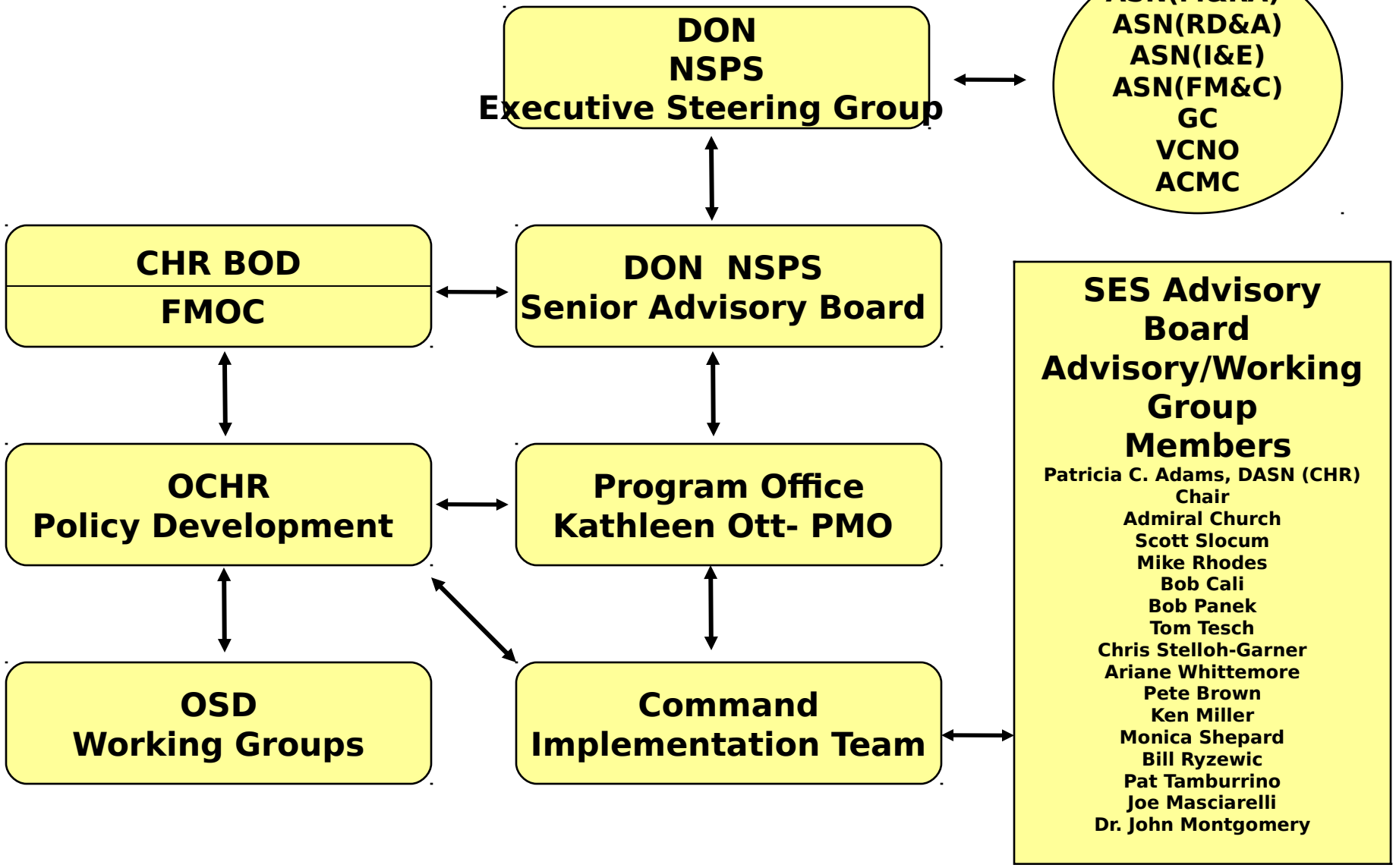
Authorization Act Provisions

Senior Executive Service

- Pay for Performance
- Reduced number of bands
- Base Salary of $116,500 to $154,700 with approved performance system
- Total Compensation, including awards and bonuses, capped at no more than Vice President's total annual compensation (currently $192,600)

NATIONAL SECURITY PERSONNEL SYSTEM

ADVISORY STRUCTURE



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